

Message Text

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ORIGIN AID-59

INFO OCT-01 EA-11 ISO-00 AGR-20 EB-11 SS-20 SSO-00 NSC-10

NSCE-00 USIE-00 INRE-00 CIAE-00 DODE-00 INR-10 NSAE-00

PA-03 RSC-01 PRS-01 SPC-03 IO-15 L-03 TRSE-00 OMB-01

IGA-02 H-03 COME-00 /174 R

DRAFTED BY SA/C:GKAMENS, SA/PPB:WDOODY:REF

APPROVED BY EA:AHUMMEL

EA/LC:AANTIPPAS (DRAFT)

AA/SA:RHNOOTER (DRAFT)

EA/TB:JDEXTER (DRAFT)

SA/VN:MWEDEMAN (DRAFT)

AID/ASIA/KOREA:BRICHARDSON (DRAFT)F

OSD/ISA:COL.HAMOS (INFO)

DOD/JCS:COL.JDIDDLE (INFO)

SA/PPB:CBREECHER (DRAFT)

USDA/EMS:RSHEGOGUE (DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY PHNOM PENH IMMEDIATE

AMEMBASSY BANGKOK IMMEDIATE

AMEMBASSY SAIGON IMMEDIATE

AMEMBASSY SEOUL IMMEDIATE

INFO CINCPAC HONOLULU HI IMMEDIATE

COMUSSAG IMMEDIATE

S E C R E T STATE 203322

E.O.11652:GDS

TAGS: EAID, EAGR, CB, TH, VN, KS

SUBJECT: CAMBODIA RICE CRISIS

REFS: A. PHNOM PENH 10994 C. PHNOM PENH 11036

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B. PHNOM PENH 11015 D. PHNOM PENH 10996

PHNOM PENH FOR ENDERS

BANGKOK FOR UNGER

SAIGON FOR MARTIN

FROM HUMMEL

1. WE ACKNOWLEDGE SERIOUSNESS OF SITUATION DESCRIBED REFTELS AND WOULD LIKE TO DETERMINE WHAT WENT WRONG IN ORIGINAL TIME SCHEDULE FOR DELIVERY THAI RICE. WOULD APPRECIATE BANGKOK AND PHNOM PENH COMMENTS ASAP. WE BELIEVE ONLY ALTERNATIVES ARE (1) FOR VIETNAM TO MAKE 5,000 TON LOAN REQUESTED REF. (C) TO BE REPAID FROM KOREAN SHIPMENTS, (2) CONTINUED PRESSURE FOR FASTEST SHIPMENT OF THAI RICE ALREADY PURCHASED (TO KOMPONG SOM IF THIS WOULD EXPEDITE ARRIVAL), AND (3) THAT GKR INTENSIFY EFFORTS TO EXPEDITE DELIVERIES OF 20,000 TON RICE FROM KOREA. DESPITE

SERIOUS CONSEQUENCES TO VIETNAM OF A SECOND RICE LOAN TO CAMBODIA, STATE-AID/W-USDA SUPPORT THIS MOVE AS NECESSARY IF CRISIS IS TO BE MET. AIRLIFT FROM THAI BASES SUGGESTED REFTELS IS AT THIS POINT UNACCEPTABLE BECAUSE OF NEGATIVE EFFECT ON INTERNATIONAL PUBLIC OPINION, PARTICULARLY AT THIS CRUCIAL POINT IN UNGA DISCUSSION OF KHMER CREDENTIALS AND SERIOUS LOGISTICAL PROBLEMS MITIGATING AGAINST IT, WHICH YOU CITE REF. C.

2. TO ASSIST EXPEDITING SHIPMENT 20,000 TONS RICE FROM KOREA, REQUEST USAID SAIGON DISPATCH FRINK OR OTHER TRANSPORTATION REP. TO SEOUL TO HANDLE SHIPPING AS IN PREVIOUS 47,000 TON RICE LOAN TO VIETNAM. DECEMBER 16 TERMINAL DATE REF. D FOR KOREAN RICE SHIPMENTS TO PHNOM PENH IS TOTALLY UNACCEPTABLE SINCE U.S. PL 480 RICE WILL BEGIN TO ARRIVE IN LATE NOVEMBER. ALL KOREAN RICE SHOULD BE IN CAMBODIA BEFORE THEN. FYI: THERE ARE NO REPEAT NO VESSELS ON ASIAN WATERS CARRYING PL 480 RICE. END FYI.

3. FOR BANGKOK AND PHNOM PENH: BECAUSE OF LABORIOUS PRO-SECRET

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CESS IN NEGOTIATION PAST THAI PURCHASE, IT NOW APPEARS THAT LAST 12,500 TON TRANCHE, IF NEGOTIATED, MIGHT NOT ARRIVE PRIOR TO DELIVERY OF KOREAN, JAPANESE AND PL 480 RICE. ALSO, DOMESTIC U.S. CONSIDERATIONS AND OUR OWN FINANCIAL PROBLEMS MAKE THIS PURCHASE HIGHLY UNDESIRABLE UNLESS ABSOLUTELY VITAL TO RESOLVE PRESENT REPEAT PRESENT RICE CRISIS. THEREFORE, WE ARE WITHDRAWING AUTHORITY TO FINANCE THIS PURCHASE WITH CIP OR ANY OTHER U.S. FUNDS.

MATTER CAN BE REVIEWED AFTER DELIVERY OF PREVIOUS THAI PURCHASE AND AFTER BEST KOREAN AND POSSIBLY VIETNAM RICE LOAN DELIVERY SCHEDULES ARE KNOWN. HOWEVER, REQUEST YOU TELL GKR IMMEDIATELY THAT SINCE SLOWNESS OF PAST NEGOTIATIONS MAY HAVE NULLIFIED USEFULNESS OF ADDITIONAL THAI PURCHASES, WE REQUEST THEY HOLD UP FURTHER NEGOTIATIONS ON NEW PURCHASE, AND THAT U.S. FINANCING WILL NOT BE AVAILABLE FOR THIS PURPOSE WITHOUT PRIOR WASHINGTON APPROVAL.

4. EMBASSIES BANGKOK AND PHNOM PENH, RTG AND GKR SHOULD CONCENTRATE ON SPEEDING UP SHIPMENT OF PURCHASE OF THAI RICE WHICH IS URGENTLY NEEDED. WHILE GKR SHOULD HOLD UP ON CONSUMMATING NEW PURCHASE OF SECOND 12,500 MT, GKR SHOULD NOT BURN BRIDGES COMPLETELY UNTIL OTHER RICE DELIVERIES ARE KNOWN TO BE SUCH THAT ADDITIONAL THAI PURCHASE IS NOT NECESSARY. IT IS ESSENTIAL THAT CAMBODIA NOT ENTER ANY ADDITIONAL THAI RICE CONTRACT WITHOUT PRIOR WASHINGTON APPROVAL. GKR SHOULD CLEARLY UNDERSTAND THAT ORIGINAL PRESIDENTIAL WAIVER AUTHORIZING THAI RICE

PURCHASES WAS BASED ON NON-AVAILABILITY OF U.S. RICE. ANY FURTHER THAI PURCHASES COULD EVOKE ENOUGH DOMESTIC WRATH TO RESULT IN SIGNIFICANT CUT IN FY 1974 AID APPROPRIATION.

5. FOR BANGKOK: WE REALIZE EMBASSY WENT ON LINE TO URGE RICE SALE TO CAMBODIA AND FAILURE TO CONSUMMATE SECOND 12,500 MT PURCHASE MIGHT BE SOURCE OF EMBARRASSMENT AT SUCH TIME AS BANGKOK IS ADVISED TO THIS EFFECT. (YOU SHOULD NOT ADVISE RTG AT THIS TIME). HOWEVER, BELIEVE YOU CAN JUSTIFIABLY POINT OUT AT LATER TIME THAT WE WOULD HAVE BEEN ONLY TOO GLAD TO ENTER INTO PURCHASE IF THAIS HAD MADE RICE AVAILABLE ON TIMELY BASIS, BUT REPEATED DELAYS ARRANGING PURCHASE AND SHIPMENT OF THAI RICE HAVE NULLIFIED USEFUL-
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NESS OF LAST 12,500 TON INCREMENT. FYI: WISH TO REITERATE U.S. DOMESTIC CONSIDERATIONS (PARAS. 3 AND 4 ABOVE) WHICH MAKE THAI PURCHASE EXTREMELY UNDESIRABLE AT TIME WHEN U.S. HARVEST IS NOW ON MARKET. END FYI. KISSINGER

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NNN

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